

VZCZCXRO4116
RR RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLN RUEHLZ RUEHMR RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHSK #0654/01 2080930
ZNR UUUUU ZZH
R 270930Z JUL 07
FM AMEMBASSY MINSK
TO RUEHC/SECSTATE WASHDC 6318
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUCNOSC/ORGANIZATION FOR SECURITY COOPERATION IN EUROPE
RHMFISS/HQ USEUCOM VAIHINGEN GE
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 03 MINSK 000654

SIPDIS

SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PHUM](#) [ECON](#) [EPET](#) [ENRG](#) [BO](#)

SUBJECT: Embassy Minsk Weekly Pol/Econ Report - July 26, 2007

¶1. The following are brief items of interest compiled by Embassy Minsk.

TABLE OF CONTENTS

Civil Society

- Solidarity Road Tour Participants Detained (para. 2)
- Opposition Movement Denied Registration (para. 3)
- GOB to Establish Nuclear Regulatory Agency (para. 4)
- Forensic Experts Examine Human Remains (para. 5)
- Dismissed KGB Chief Denies Rumors of His Arrest (para. 6)
- Trade Union Member Fired After Assault (para. 7)

Domestic Economy

- Lukashenko Appoints New Heads of State Industries (para. 8)
- Potash Exports in January-May Up in Volume and Price (para. 9)
- State Company Sole Tobacco Importer (para. 10)
- Belarus To Upgrade Cement Industry (para. 11)

International Trade

- USD 1 Billion Military Contract With Venezuela (para. 12)
- Quote of the Week (para. 13)

Civil Society

¶2. Solidarity Road Tour Participants Detained

On July 20, police in Shklov (Mogilyov oblast) detained 13 youth activists touring Belarus in support of imprisoned Malady Front (MF) leader Dmitry Dashkevich and other jailed/indicted activists. Police had seized the youth's vehicles at the beginning of the tour on July 19, forcing the activists to continue their journey to Shklov by train and bus. All were released without being charged. Before their detention, participants upon arrival learned that Shklov prison authorities had isolated jailed MF activist Artur Finkevich and would not allow him visitors.

¶3. Opposition Movement Denied Registration

Opposition leader Aleksandr Milinkevich's press office reported on July 21 that the Ministry of Justice (MOJ) denied registration to his For Freedom movement (FF). FF founders received a written notice from the MOJ citing errors in the movement's charter as grounds for the denial. FF called the decision "baseless," "self-contradictory", and another sign of the GOB's "reluctance" to liberalize Belarus. FF legal experts are studying the MOJ's letter and will appeal the decision. Milinkevich asserted that FF would continue to seek registration and proceed with its activities

despite GOB harassment.

14. GOB to Establish Nuclear Regulatory Agency

On July 23, the GOB announced plans to establish an agency to supervise nuclear power plant (NPP) operations in anticipation of Belarus' plans to build an NPP by 2015. Emergency Ministry representative Valentin Karpitsky on July 23 noted that the establishment of an independent regulatory agency for safety was an International Atomic Energy Agency requirement for NPP construction.

He added that the ministry was researching opportunities of employing local experts or recruiting Lithuanian specialists who might move to Belarus following the scheduled NPP Ignalina closure. GOB officials earlier stated that the final decision on the location of Belarus' NPP would be made by mid-2008. Two sites are currently being explored.

15. Forensic Experts Examine Human Remains

Forensic experts with the State Forensic Examination Service reported on July 23 that the people whose remains were recently found in a mass grave near Gomel were killed between 1937 and 1943. The service claimed they could not establish a more exact date. Independent historians and civil society groups maintain that based on local resident testimony, the people in the grave were executed by Stalin's NVKD in the late 1930s.

16. Dismissed KGB Chief Denies Rumors of His Arrest

In a July 24 interview with the independent newspaper Narodnaya Volya (NV), former Belarusian KGB (BKGB) Chief Stepan Sukharenko denied rumors of his arrest, saying he was on a vacation with his family in the countryside. Sukharenko admitted that he anticipated his dismissal, but refused to discuss it, as it was a "presidential decision." The former BKGB chief stressed that his duties were to execute laws and maintain security in Belarus and he was never

MINSK 00000654 002 OF 003

involved in any illegal criminal games for power and resources. Sukharenko pledged to continue to serve and support President Lukashenko, although he had not yet received a new position.

17. Trade Union Member Fired After Assault

Independent union of electronic industry workers (REP) member and security guard at a state agricultural company in Gomel Aleksandr Beresnyev on July 25 received a letter from his employer informing him of his dismissal due to "contract expiration." Beresnyev claims his labor contract does not include time limits and the reason for its immediate termination was not clear. A REP legal expert filed an appeal for Beresnyev, who is still recovering from severe head injuries after being beat up in June on the company's compound during regular working hours. Beresnyev linked his beating to a complaint he submitted to the Presidential Aide's office in Gomel about his company's violation of labor regulations and mistreatment of personal. After the assault, management did not assist Beresnyev and would not cooperate with the investigation. Beresnyev concluded that the company's management disabled him only to throw him out on the street.

Domestic Economy

18. Lukashenko Appoints New Heads of State Industries

Lukashenko on July 23 appointed new heads to major state industries and pledged that all civil servants would be under his control in order to prevent corruption. The president also promised to scrutinize relationships between state industries and private intermediaries, or "middlemen." Lukashenko appointed Valeriy Kazakevich to Head of Belarus' petrochemical concern Belneftekhim, replacing Alexander Borovsky who is currently under arrest for embezzlement, abuse of authority and disclosure of secret information. Lukashenko appointed Vladimir Zubkov to direct the newly established Belarusian Petroleum Company, which will be a

monopoly supplier of crude oil in Belarus and exporter of Belarusian-made oil products. Vladimir Mayorov became the new general director of the natural gas transport monopoly Beltransgaz.

9. Potash Exports in January-May Up in Volume and Price

The Statistics Ministry on July 23 announced that the sale price of Belarusian potash fertilizer for export increased on the year in January-May by 6.6 percent to USD 273 per ton. During the same time period, export volume increased 53.3 percent to 1.7 million tons. The biggest export increases were to China (440 percent) and India (180 percent). Belarus' manufacturer Belaruskaly accounts for 15 percent of the world's potash fertilizer production.

10. State Company Sole Tobacco Importer

The Trade Ministry told reporters on July 23 that Belarustorg, a state-controlled company established by the Presidential Administration, would become the monopoly importer of cigarettes and other tobacco products. Three other importers (including British-American Tobacco) with combined imports of 1.5 billion units per year are expected to go out of business by the end of 2007. In addition, Belarus will honor its March 23 agreement with Russia by abolishing all tobacco import quotas on October 1.

11. Belarus To Upgrade Cement Industry

On July 24, Lukashenko approved the government program of upgrading Belarus cement industry in order to triple production by 2011. Belarus' construction boom and its export obligations caused a severe deficit of cement in 2006 and 2007. The country turned down proposals from foreign investors to upgrade its three state-owned cement manufacturers, instead opting for USD 600 million in foreign loans to pay for new Chinese-made production equipment.

International Trade

12. USD 1 Billion In Military Contract With Venezuela

Head of the Security Council Viktor Sheiman -- who also co-chairs the Belarus-Venezuela committee on economic cooperation -- announced on July 22 that Belarus and Venezuela drafted numerous military contracts totaling USD 1 billion in military sales. According to Sheiman, Venezuelan defense ministry officials and President Chavez already approved the drafts. Sheiman predicted that the military contracts and USD 250 million worth of economic agreements (which Sheiman drafted with Venezuelan counterparts during his July 9-19 visit to Caracas) would be signed at the end of July. Belarus' major project in Venezuela is extraction of oil in the basin of the

MINSK 00000654 003 OF 003

Orinoco River. Venezuela also plans to contribute USD 500 million to the Belarusian investment fund to finance investment projects with large Belarusian industries.

13. Quote of the Week

Mocking Lukashenko's choices to head Belarus' leading state enterprises, independent economist Leonid Zaiko made the following statement:

"Perhaps the new chiefs of the oil and gas complex have nothing to do with those who earlier bought or sold gas. Perhaps they simply play soccer or ice hockey very well."

Stewart